

OFFICE OF THE COUNTY EXECUTIVE
Milwaukee County

SCOTT WALKER • COUNTY EXECUTIVE

DATE: November 14, 2006
TO: The Honorable County Board of Supervisors
FROM: Scott Walker, Milwaukee County Executive
SUBJECT: VETO OF FILE NUMBER 06-395 (2007 Budget)

I am vetoing in its entirety the County Board budget, File No. 06-395 (2007 Budget) pursuant to the authority granted to me by Article IV, Section 23(a) of the Wisconsin Constitution and Section 59.17(6) of the Wisconsin Statutes.

When I presented my 2007 budget address, I called for us to tear down the broken pieces from the past and replace them with a new vision of hope for Milwaukee County. I acknowledged that taking on our fiscal challenges would be no easy task, but adding to our tax burden is not the answer.

Milwaukee County is indeed at a critical time. We are faced with the difficult challenge of leading our community forward, fostering an economy for job growth, maintaining a high quality of living that is attractive to young professionals, working families and seniors, and preventing the cost of government from driving employers and homeowners out of our county. Our challenge is magnified, of course, by the compounding pension legacy and exorbitant health care cost increases. The County Board has chosen to ratify the pension and benefits packages approved in the past by continuing to pay for them with tax increases rather than sound and reasonable efficiencies, cost saving measures and reduction of duplicative services.

Nonetheless, we must make the difficult decisions that will ensure that the number one priority of county government, our core services, is not endangered by the high cost of running that government.

Leaders of the Milwaukee County Board have repeatedly and emphatically declared that they are the policy-making body for Milwaukee County. The Board, with fourteen of nineteen members voting in the affirmative, set the policy and direction of the county for next year and beyond in the adoption of the 2007 County Board budget.

If enacted, the County Board budget would raise the property tax levy by nearly \$9 million. Raising taxes close to the state-capped maximum level without tackling the serious issues of legacy costs and government efficiencies is not in the best interest of the citizens and taxpayers of Milwaukee County.

The County Board budget restores positions that were eliminated or outsourced in my recommended budget without fully funding or restoring funds to these positions. The net result of this action is that the County Board budget is not balanced and creates a budget shortfall for 2007 of over \$6.5 million. In several instances, we could realize substantial savings by contracting with other private and/or government entities to continue services that are no longer affordable using county employees because of the excessively high cost of our employee fringe benefits.

Our fiscal situation and the needs of our community require that we put the best interests of those in need of our vital services and the taxpayers that pay for them ahead of the tired mechanics of an outdated and costly government structure that, by its own magnitude, forces reductions in the quantity and quality of those services.

The County Board budget also relies on nearly \$6.25 million to lower the pension contribution. These savings come as a result of a proposal by my administration to use Pension Obligation Bonds (POBs). The County Board budget does not, however, approve the use of the POBs. This will increase the pension liability for future budgets.

In addition, the County Board exceeds the limits on the capital budget that were set as part of our debt restructuring initiated in 2004. These caps were set not only as a component of the restructuring, but to ensure that our borrowing is kept in line with our ability to pay the debt service. The County Board budget exceeds those caps by \$4.3 million.

This is an historic time for Milwaukee County, a time that will for generations be remembered for either making the right and difficult decisions that moved our community away from excessive government costs and bureaucracy, or for ignoring the financial burdens of the people that have come to count on us, and that fund county operations.

I have chosen to use my veto pen to send a message to the hard-working men and women of Milwaukee County that I understand that they are overtaxed. I understand that they expect us to make county government more efficient, more versatile and that we must place a premium priority on the services that are provided to those most in need, not to the government structure and employees.

The County Board budget goes too far in raising taxes, does little to reverse the bad decisions of enhanced pension and sick leave benefits, restores positions

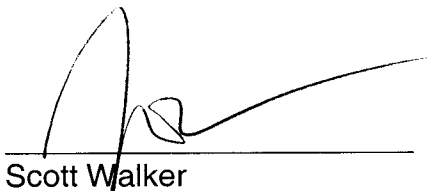
without adequate funding, creates an immediate deficit in 2007, violates the debt service limits set by restructuring, and continues to fund outdated systems. While the line item authority of the County Executive is strong, it is not strong enough to repair the totality of the ill-advised policies passed by the majority of members of the County Board.

Should the County Board decide to override my veto, my administration will fulfill our legal obligation to enact the County Board policies. I urge you, however, to consider the ramifications of your actions. In order to implement the County Board budget (so as to be in compliance with state statutes that require it to be balanced) significant employee and service reductions will be forced early in 2007.

With my veto I also state my willingness to the County Board to work with each member to develop a budget that meets the needs of our community. There are a number of modifications to my recommended budget, initiated by the Chairman of the Board and the Finance & Audit Committee, that I support. Working collaboratively we can craft a budget that holds the line on taxes and is legitimately balanced while addressing the needs of our community.

Even though it is the 2007 budget that we have before us, it is important to remember that future generations of citizens, taxpayers and employers will be impacted by the choices that are made today. The politics and policies of the past are behind us. We must choose to move forward, together, if we are to meet the challenges of today and tomorrow.

I stand ready to do what is necessary to protect the people of Milwaukee County and to ensure our community has a bright future. Milwaukee County can indeed be a place that we are all proud to call home.



Scott Walker
Milwaukee County Executive